Zota Health Care Ltd

Davaindia: India's Generic Pharmacy Land-Grab

From record store adds to a profitability pivot — FY26 review and the road to 5,000 stores

NSE: ZOTA | BSE: 540684 | Sector: Pharmacy Retail / Generic Pharmaceuticals | SEBI classification: Small Cap

Promoter family: Zota (Surat) | CEO, Zota Healthcare retail: Dr. Sujit Paul | HQ: Surat, Gujarat

CMP (NSE)*	MARKET CAP*	FY26 REVENUE	FY26 EBITDA
~Rs 1,290	**~Rs 4,400 cr**	**Rs 538.7 cr**	**Rs 26.0 cr**
Early Jun'26; verify live	52wk: Rs 760 – 1,740	+83.9% YoY	4.8% margin; first +ve yr

FY26 NET LOSS	STORES (MAR'26)	FY26 STORE ADDS	FY29 AMBITION
Rs (73.9) cr	**2,579**	**997**	**5,000+**
D&A + interest drag	1,656 COCO / 923 FOFO	Highest ever in pharma retail	Davaindia stores

THE ONE-PAGE THESIS

Zota Health Care has transformed from a Surat-based generics manufacturer into India's largest private generic pharmacy chain by store count via its **Davaindia** brand. FY26 was the proof-of-scale year: revenue rose **83.9% to Rs 538.7 cr**, gross margin expanded **714 bps to 60.3%**, and the company posted its first full year of **positive EBITDA (Rs 26 cr)** after a record **997 store additions**. Management is now deliberately throttling expansion for 1–2 quarters (500–700 adds planned in FY27) to lift store-level profitability — a maturity signal, not a retreat — while holding the **5,000+ store FY29** ambition.

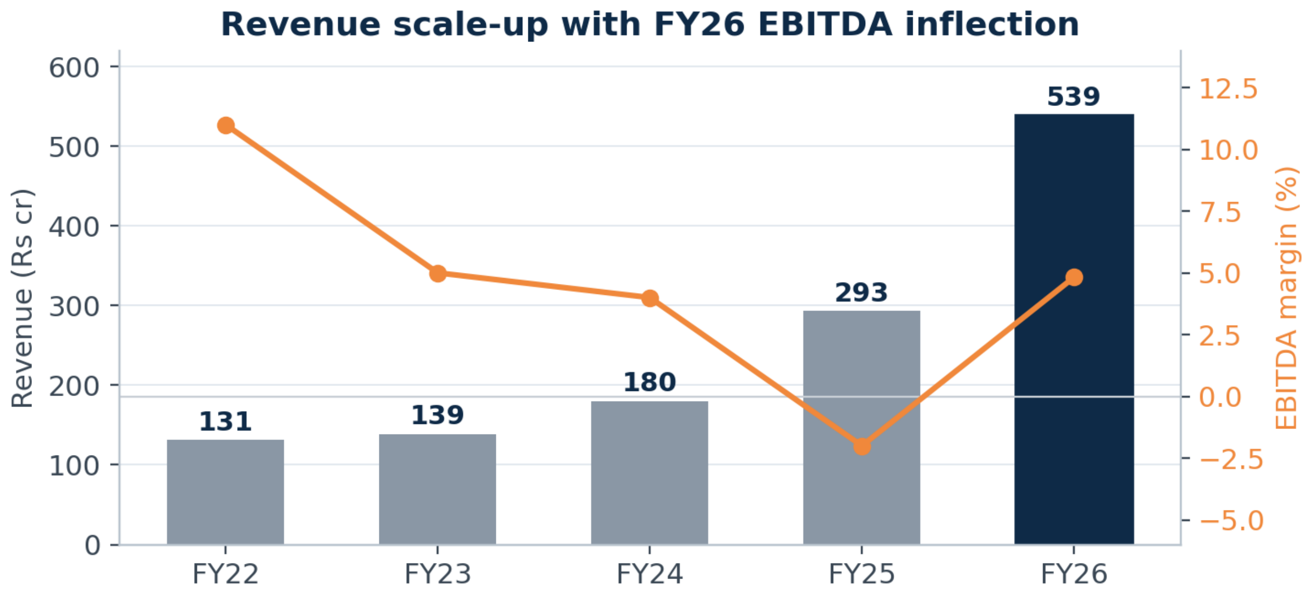
The bull case rests on three pillars: (1) **SSG of 40%+** across the entire Mar'25 store base, far above pharmacy-retail norms; (2) a **100% private-label, manufacturing-to-retail** model delivering 70%+ COCO store-level gross margins; and (3) a balance sheet reset via a **Rs 350 cr QIP** that funds the next leg without leverage stress. The bear case: reported net losses are still widening (Rs 73.9 cr FY26) on expansion D&A;, the stock trades at ~8x trailing sales with negative earnings, promoter holding has fallen to 50.6%, and the model's terminal economics remain unproven beyond the 3–5 year store window.

VERDICT: A high-velocity scale story entering its profitability test. Position sizing should respect the loss-making P&L.

*Price/market-cap approximate as of early June 2026 (public quote services showed Rs 1,246–1,330 across May–June 2026); verify live before acting.
Sources: Q4/FY26 earnings call (May 2026), NSE/BSE filings, Screener.in, exchange disclosures. Prepared by Stratinv FZE for informational purposes only.

FY26 in one line: scale delivered, profitability pivot begins

FY26 was the year Davaindia's flywheel became visible in the P&L.; Consolidated revenue of Rs 53,865 lakh (Rs 538.7 cr) grew 83.9% YoY, powered by Davaindia expansion and what management called strong same-store growth across mature stores. Gross profit more than doubled (+108%) to Rs 324.7 cr as gross margin expanded 714 bps to 60.28%, and the business swung from negative EBITDA in FY25 to +Rs 26.0 cr (4.8% margin), exiting Q4 at a 7.3% EBITDA margin — clear evidence of operating leverage as the network scales.



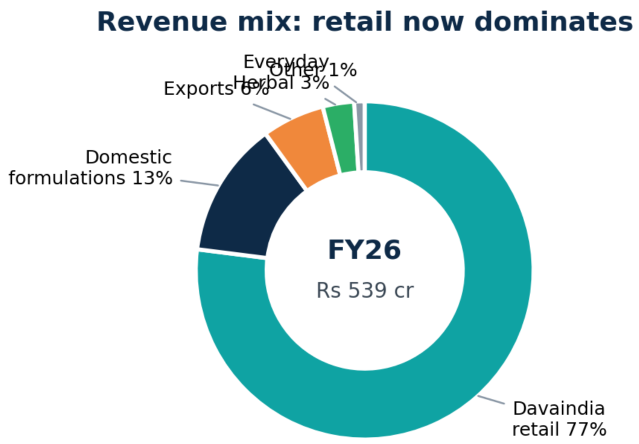
Why this matters now

- **Retail is now the business.** Davaindia contributed ~77% of FY26 revenue (Rs 417.4 cr, more than double YoY); legacy domestic formulations ~13%, exports ~6%, Everyday Herbal ~3%.
- **Deliberate throttle, not a stall.** After 997 adds in FY26, management will moderate openings for 1–2 quarters (slow in Q2–Q3 FY27, re-accelerate Q3–Q4) to lift unit economics — FY27 plan: 500–700 stores, 80–90% COCO.
- **Growth without adds.** Management's claim: even at zero new openings, SSG plus the ramp of 1–2 year-old stores sustains ~25–30% growth, with FY26 cohorts expected to roughly double from year 1 to year 2.
- **Funded.** Rs 350 cr QIP completed; FY26 capex ~Rs 114 cr and inventory build were front-loaded ahead of expansion.

THE TENSION AT THE HEART OF THE STORY
Reported net loss widened to Rs 73.9 cr in FY26 (vs Rs 56.4 cr) despite the EBITDA turn — depreciation (~Rs 70 cr TTM) and interest on a 997-store build-out hit the P&L; before stores mature. The equity story therefore hinges on cohort maturation math, not current earnings.

From Surat generics manufacturer to omni-format pharmacy retailer

Incorporated in 2000 and listed in 2017 (IPO of Rs 58.5 cr), Zota Health Care manufactures, markets and exports pharmaceutical, ayurvedic, nutraceutical and OTC products. Its strategic centre of gravity has shifted decisively to **Davaindia**, a private-label generic pharmacy chain that pairs Zota's manufacturing backbone with low-cost ~300–400 sq ft retail formats staffed by 2–3 employees per store. In May 2024 the company acquired a 56% stake in Everyday Herbal Group (Khadi & Village Industries Commission licensed), adding a wellness adjacency.



Three operating verticals:

- **Davaindia retail (77%):** COCO + FOFO generic pharmacies; 100% private-label portfolio sourced from Zota's integrated manufacturing.
- **Domestic formulations (13%):** legacy distribution through 1,000+ distributors, 3,000+ SKUs.
- **Exports (6%):** semi-regulated/regulated markets across Asia, Africa, CIS and LatAm.
- **Everyday Herbal (3%):** KVIC-licensed herbal/wellness products (56% stake).

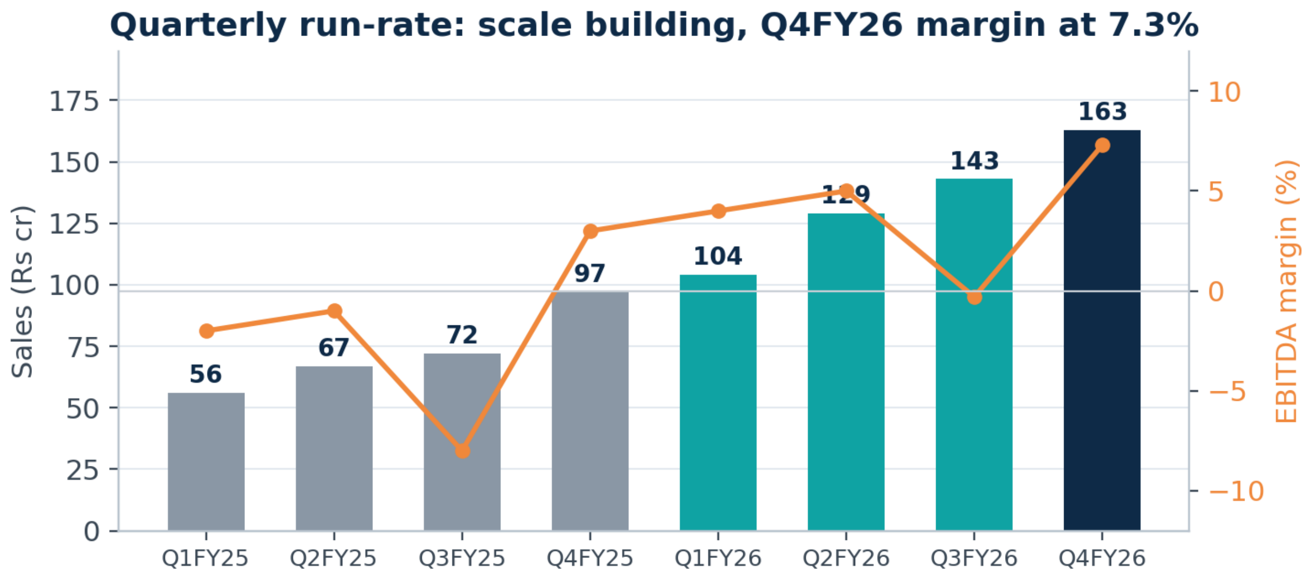
MODEL-BUILDER'S NOTE
Consolidated (Rs 539 cr) vs standalone (Rs 407 cr) revenue is **not** simply COCO retail. Standalone books transfer-value sales to Davaindia Health Mart; consolidation eliminates these intercompany flows — do not back-solve retail revenue from the delta.

The structural bet: generic substitution in Indian pharma retail

India's out-of-pocket pharma market remains dominated by branded generics sold through fragmented chemists. Davaindia's proposition — branded-generic-equivalent molecules at deep discounts under its own label — attacks the largest cost line in household healthcare. The moat, to the extent one exists, is vertical: manufacturing-to-retail integration captures the distributor and brand margin layers, funding both consumer discounts and 70%+ COCO store-level gross margins simultaneously. The company positions itself as the largest private-sector generic pharmacy chain in India, with awareness-building (celebrity ambassadors, GST/MRP-reset tailwinds) accelerating category legitimacy.

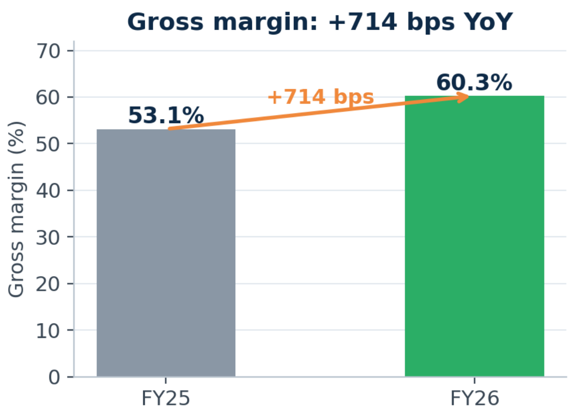
Competition spans Apollo Pharmacy and MedPlus (branded retail), government Jan Aushadhi Kendras (subsidised generics), online pharmacies (Tata 1mg, PharmEasy), and regional generic chains. Davaindia's differentiation is private-label depth plus franchise velocity — but the category's pricing transparency means execution, not IP, is the moat.

REVENUE	GROSS PROFIT	EBITDA	Q4 EBITDA
Rs 538.7 cr	**Rs 324.7 cr**	**Rs 26.0 cr**	**Rs 11.9 cr**
+83.9% YoY	+108% | GM 60.3%	4.8% vs negative FY25	7.3% margin



Reading the quarterly cadence

The eight-quarter sequence shows the model's shape: sales compounding every quarter (Rs 56 cr → Rs 163 cr) while margins oscillate with the pace of store openings. The Q3FY26 dip to roughly breakeven EBITDA reflects the cost-absorption of the year's heaviest opening phase plus the GST/MRP reset on pharma pricing; Q4's 7.3% margin shows what the base looks like once openings slow and cohorts season. Management states margins are nearing peak levels at the gross line, with further gains to come from operating leverage rather than mix.



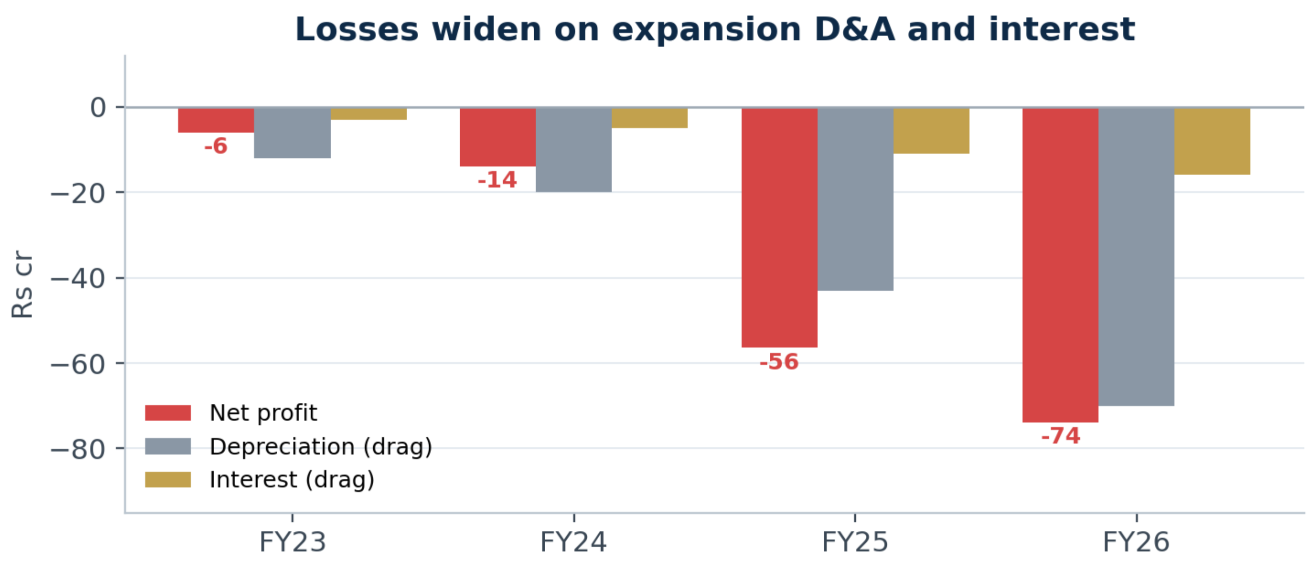
What drove the 714 bps gross-margin expansion:

- Mix shift to Davaindia retail (higher-margin private label) from lower-margin distribution/exports.
- 100% private-label portfolio — no brand royalty leakage.
- Integrated manufacturing-to-retail capture of distributor margin.
- Scale benefits on procurement and supply chain.

GUIDANCE SIGNAL
Management: margins are **nearing peak levels; however, there is still some scope for further improvement** — i.e., the next leg of EBITDA expansion must come from leverage, not gross margin.

The D&A and interest wedge

Zota's reported FY26 net loss of Rs 73.9 cr (vs Rs 56.4 cr in FY25) coexists with the EBITDA turnaround because the COCO build-out front-loads capitalised store costs. Trailing depreciation has climbed from Rs 12 cr (FY23) to ~Rs 70 cr, and interest from Rs 3 cr to ~Rs 16 cr, as borrowings funded fit-outs, inventory and pre-operative costs (drug licenses and regulatory approvals sit in intangibles under development, ~Rs 14 cr). Each new COCO store is an upfront P&L; drag that converts to contribution only as it moves along the 3–5 year maturation curve.

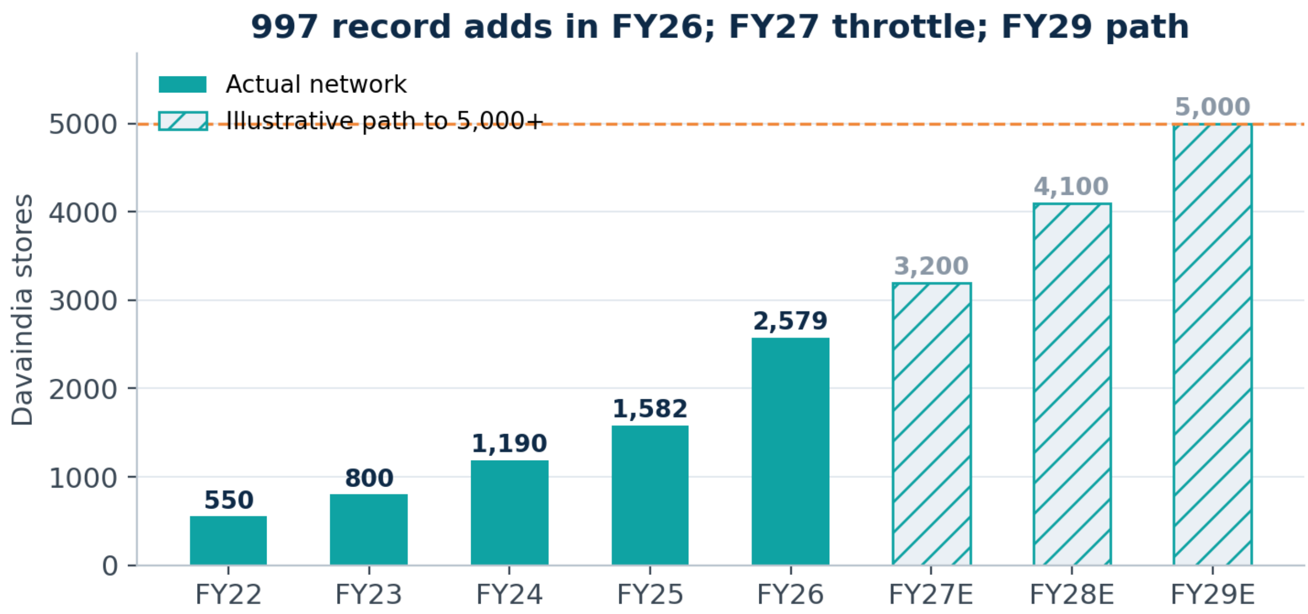


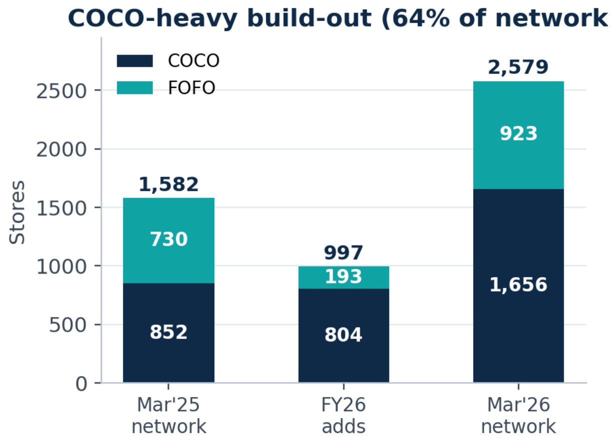
The investor's framework: cohort P&L, not consolidated P&L

The correct lens for this phase is unit-economics accounting: mature COCO stores reportedly run 70%+ gross margins and Rs 6–7 lakh monthly revenue at maturity, implying healthy store-level payback once the network's average age rises. The consolidated loss is the cost of carrying ~1,000 immature stores at once. The risk symmetrical to this argument: if SSG fades or maturation stretches beyond 5 years, the depreciation already booked has no offsetting revenue ramp — losses would then be structural, not transitional.

FY26 DEPRECIATION (TTM)	FY26 INTEREST (TTM)	Q4FY26 NET LOSS	DIVIDEND DECLARED
~Rs 70 cr	**~Rs 16 cr**	**Rs 14.2 cr**	**Rs 1 / share**
vs Rs 43 cr FY25	vs Rs 11 cr FY25	vs Rs 12.9 cr Q4FY25	Token; recommended May'26

STRATINV VIEW — PATH TO PAT BREAKEVEN
Watch the crossover: if Q4FY26's 7.3% EBITDA margin holds through FY27's slower-opening phase, EBITDA should begin covering D&A; by FY28 on our rough arithmetic (Rs 850–900 cr revenue at 8–10% EBITDA vs ~Rs 85–95 cr D&A;). PAT breakeven is therefore an FY28–FY29 event in the base case — not an FY27 one.





FY26 network facts:

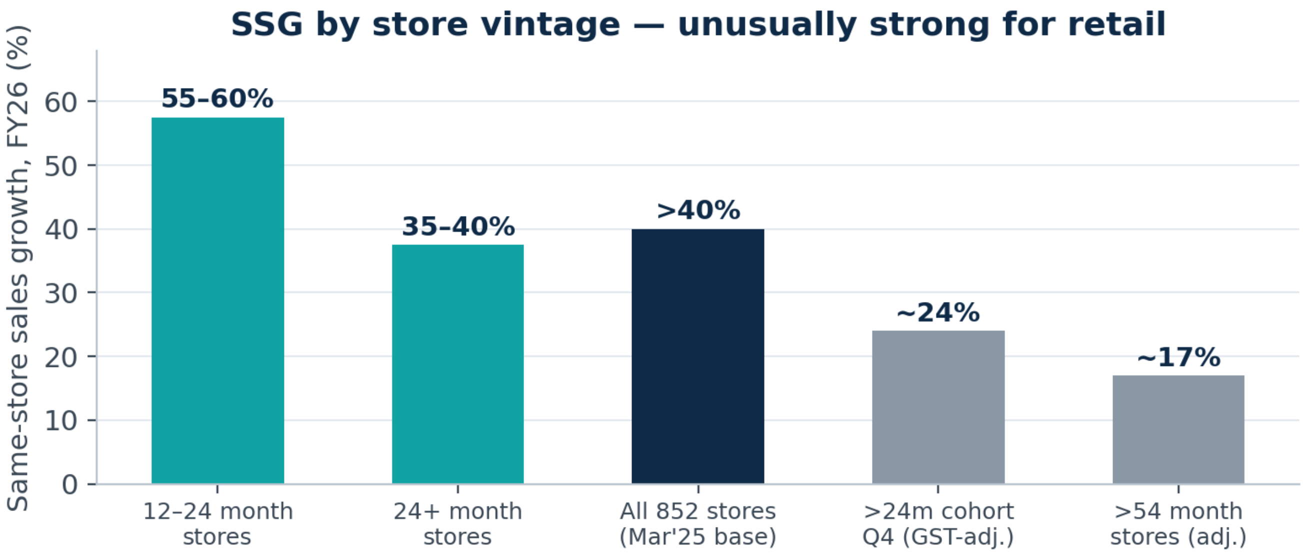
- **997 stores added** (804 COCO, 193 FOFO) — management: the highest-ever single-year addition in Indian pharma retail.
- **2,579 total stores** at Mar'26 (1,656 COCO + 923 FOFO) vs 1,582 a year earlier (+63%).
- **Q4FY26: 248 adds** (218 COCO / 30 FOFO) — still COCO-heavy into year-end.
- **FY27 plan: 500–700 stores**, 80–90% COCO; FOFO limited to ~100–150. Openings continue in Q1, slow in Q2–Q3, ramp again in Q3–Q4.
- **Zero COCO closures** in the last twelve months; potential underperformers among >2-year stores estimated at just 1–1.5%.

COCO VS FOFO — THE CAPITAL-ALLOCATION TELL

The COCO tilt is a strategic choice to own the customer experience and the full retail margin during the brand-building phase — at the cost of capex intensity and P&L; drag. FOFO conserves capital but cedes 40–55% of the margin pool to franchisees. The 80–90% COCO FY27 mix says management still prioritises quality of growth and brand control over asset-light speed. Expect the FOFO share to rise only after the brand reaches self-sustaining pull.

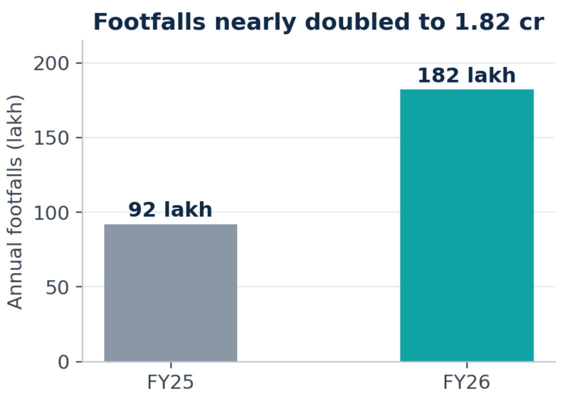
SSG of 40%+ across the entire Mar'25 base — rare air in retail

Management's headline claim is striking: all 852 stores operational as of March 2025 delivered combined SSG above 40% in FY26. By vintage, 24+ month stores grew 35–40% and 12–24 month stores 55–60%. Even the oldest cohorts retain momentum: the 234 stores existing at Mar'24 grew ~24% in Q4FY26 YoY after adjusting for the GST/MRP reset (~17% reported), and the 29 stores older than 54 months still posted ~17% normalised SSG (~11% reported; ~5.5% QoQ adjusted for fewer days).

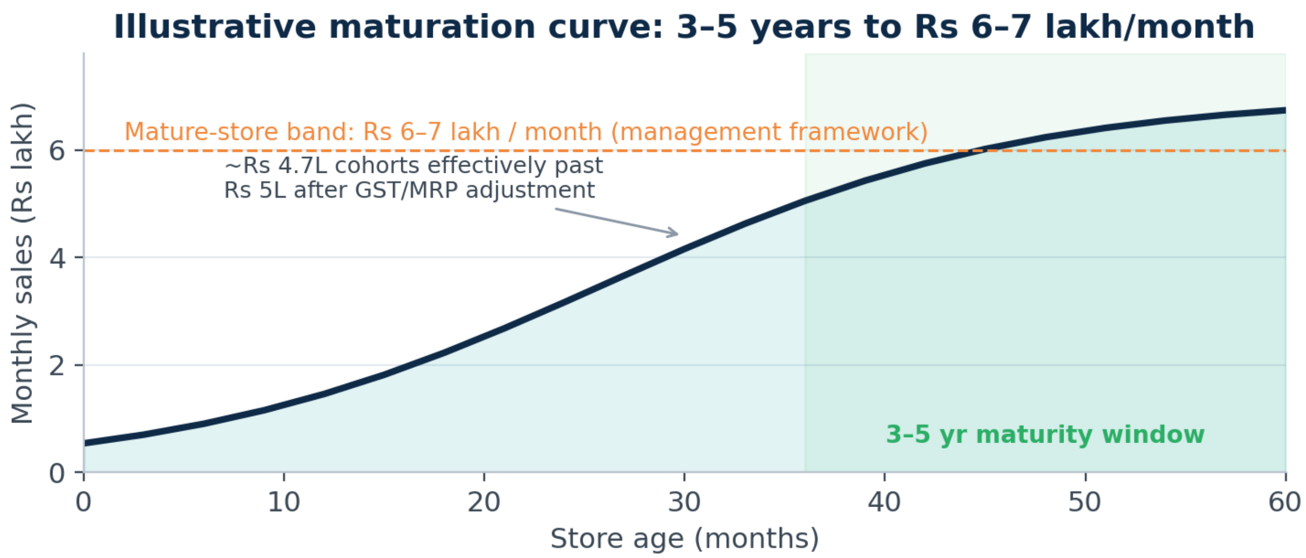


Wallet size: flat blended, rising where it matters

Blended ticket size looks flat (~Rs 230) because new stores and first-time generic adopters dilute the average. Stores older than 2–3 years show wallet spend of Rs 270–290 — evidence that customer trust in private-label generics deepens with tenure, supporting the maturation thesis. Footfalls nearly doubled to over 182 lakh (1.82 cr) visits in FY26.



STRATINV VIEW — HOW MUCH OF THE SSG IS REAL?
High SSG on young networks partly reflects arithmetic — stores ramping off small bases mechanically print big SSG. The cleaner signals are the **>54-month cohort at ~17% normalised** and the rising mature-store wallet. Both support the thesis today, but this is the most important disclosure to track each quarter: if the old-cohort number decays toward single digits, the maturation curve — and the valuation — flattens with it.



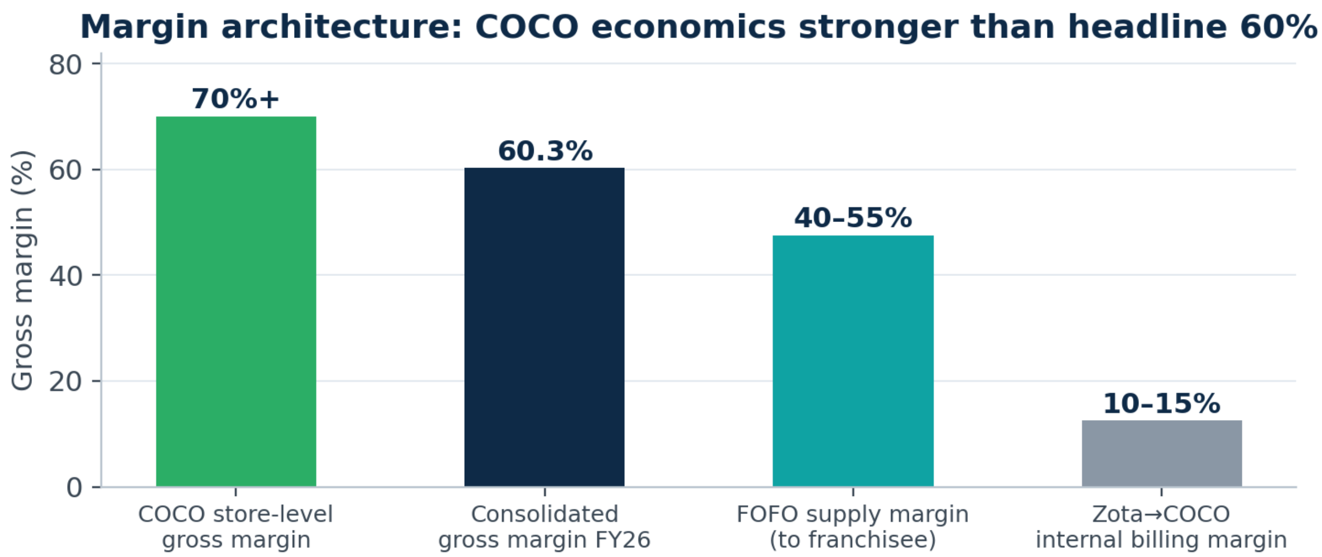
Management's maturation framework

- Stores reach **~Rs 6–7 lakh/month within a 3–5 year range** — the framework is unchanged, not extended, despite analyst probing on a perceived slowdown.
- Cohorts hovering near Rs 4.7 lakh/month have **effectively already crossed Rs 5 lakh** once the GST/MRP reset is adjusted for — a pricing artefact, not a demand problem, per management.
- Closure/relocation decisions on apparent laggards are deemed **too premature** before the full 3–5 year window plays out (Dr. Sujit Paul).
- Store template is stable: ~300–400 sq ft, 2–3 staff — keeping per-store capex and opex light and the payback math fast once revenue ramps.

Why maturation is the whole ballgame

With 997 stores added in FY26 alone, roughly 60% of the network is under two years old. If the average store tracks the management curve, network revenue can compound 25–30% annually for several years with zero new openings — which is precisely management's claim. The illustrative arithmetic: 1,656 COCO stores at a mature Rs 6.5 lakh/month would generate ~Rs 1,290 cr of annualised retail GMV from the existing COCO estate alone, versus FY26 GMV of Rs 457 cr. The gap between those two numbers is the embedded growth investors are paying for today.

DISCLOSURE DISCIPLINE — MANAGEMENT'S OWN CAVEAT
Management explicitly cautioned analysts against back-solving GMV from simplified per-store assumptions, pointing to cohort-wise GMV disclosures and noting post-Dec'25 cohorts are not yet comparable. Our Rs 1,290 cr figure above is an illustration of embedded optionality, not a forecast — treat all per-store extrapolations with the same caution management demands of the sell side.

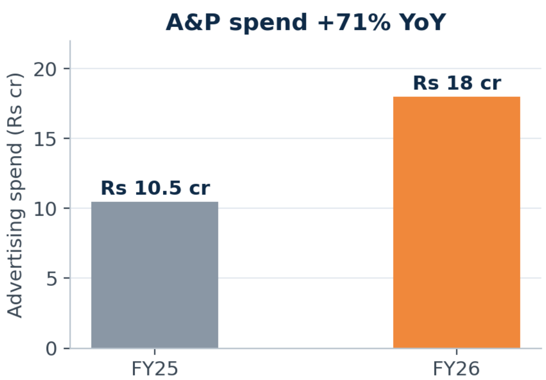


Decoding the four margin layers

- **COCO store-level gross margin: 70%+.** The key Q4 disclosure — actual COCO retail economics are materially higher than the ~60% consolidated optic, because consolidation blends lower-margin legacy segments.
- **Consolidated gross margin: 60.3%** — the blended print, structurally rising as Davaindia's mix share grows.
- **FOFO supply margin: 40–55%** on billing to franchisees — Zota keeps manufacturing margin; franchisee keeps retail spread.
- **Zota → COCO internal billing: 10–15%** — an intercompany transfer-pricing construct, eliminated on consolidation; not an economics signal.

Cost structure below gross margin

Supply-chain partner costs are largely fixed and booked under commission on sales, while the remaining other-expense lines flex with volume — a structure that amplifies operating leverage as throughput rises. Payables days compressed because ~70% of procurement is from MSMEs, which must be paid within 45 days under compliance rules — a structural working-capital cost of the integrated sourcing model. Advertising rose to ~Rs 18 cr (from Rs 10.5 cr) and is guided to grow roughly in line with sales.



STRATINV VIEW — WHAT 70% GROSS MARGIN IMPLIES

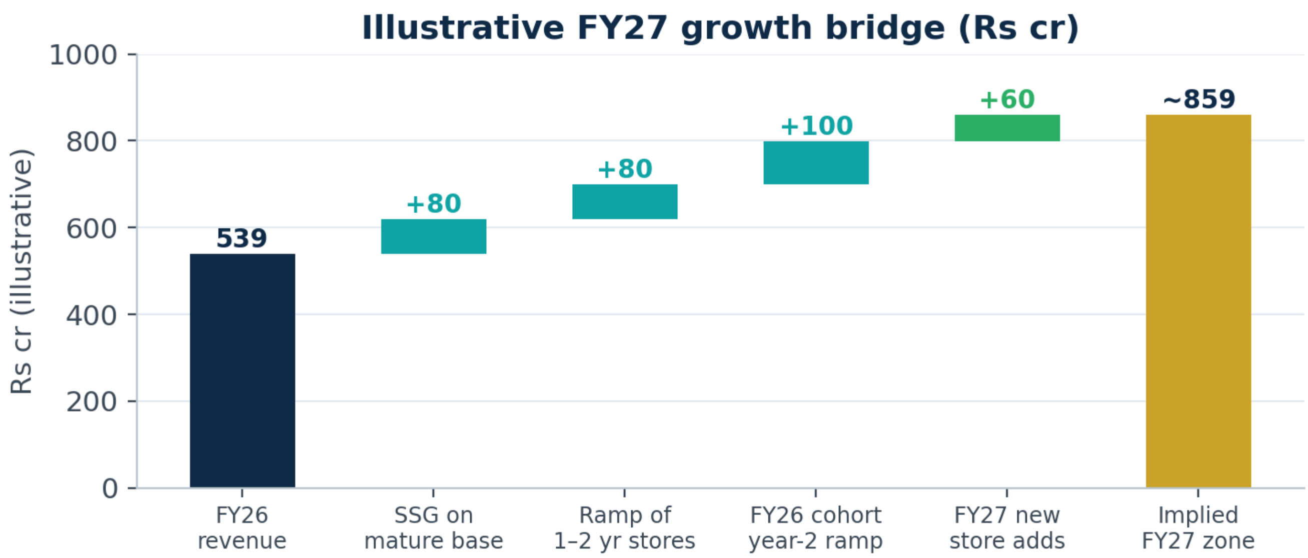
The 70%+ COCO gross margin is the single most valuation-relevant number in the deck. At maturity, a Rs 6.5 lakh/month store with 70% gross margin generates ~Rs 4.5 lakh of monthly gross profit against a 2–3 person, 300–400 sq ft cost base — implying store-level EBITDA margins that could plausibly reach the high-teens-to-20s. If even half the network achieves this by FY29, today's consolidated 4.8% EBITDA margin is an artefact of network youth.

FY26 GMV	DAVAINDIA REVENUE	ANNUAL FOOTFALLS	MATURE-STORE WALLET
Rs 457.1 cr	**Rs 417.4 cr**	**182+ lakh**	**Rs 270–290**
Cohort-wise disclosure	More than 2x YoY	Nearly doubled YoY	vs ~Rs 230 blended

Throughput per store: the operational scoreboard

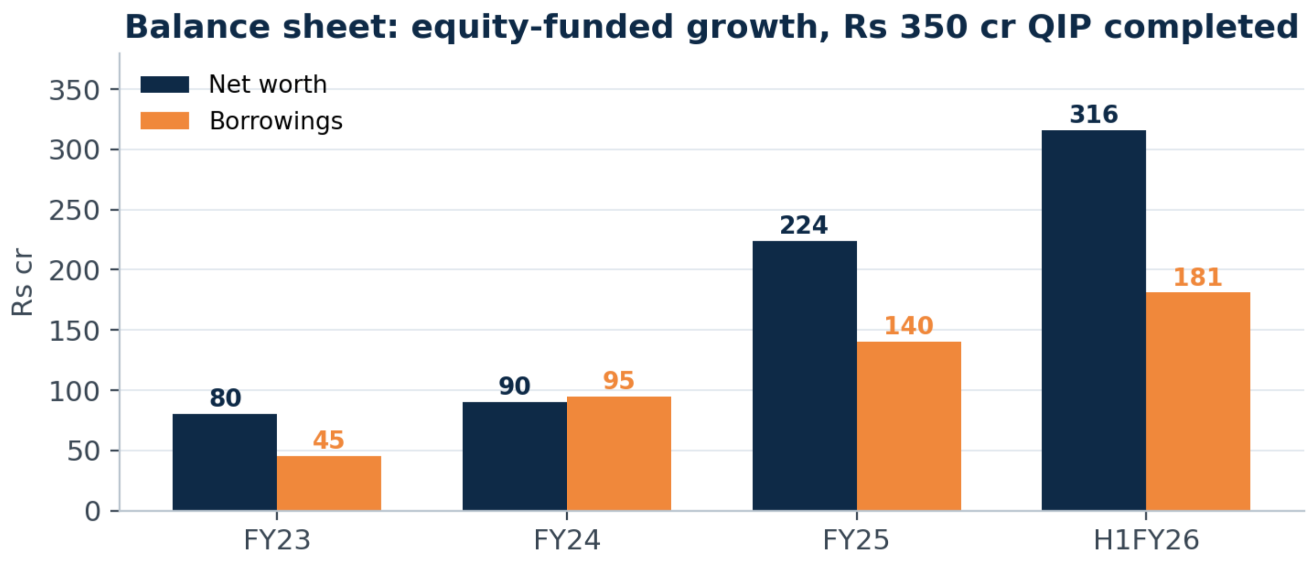
Dividing FY26 GMV (Rs 457 cr) by the average store count through the year (~2,080) yields rough average throughput of ~Rs 1.8–2.2 lakh/month per store — well below the Rs 6–7 lakh mature-store band, confirming how young the network is. Footfall growth (+~98%) outpacing store growth (+63%) indicates per-store traffic is rising, while flat blended wallet with rising mature-store wallet shows the customer base is broadening at the front of the funnel while deepening at the back.

Management's caution against simplistic GMV back-solving matters here: cohort composition shifts every quarter as hundreds of new stores enter the base, so blended per-store metrics will look optically weak through the high-growth phase even if every individual cohort is performing on-curve. The cohort-wise GMV disclosure is the right dataset; blended averages are the wrong one.



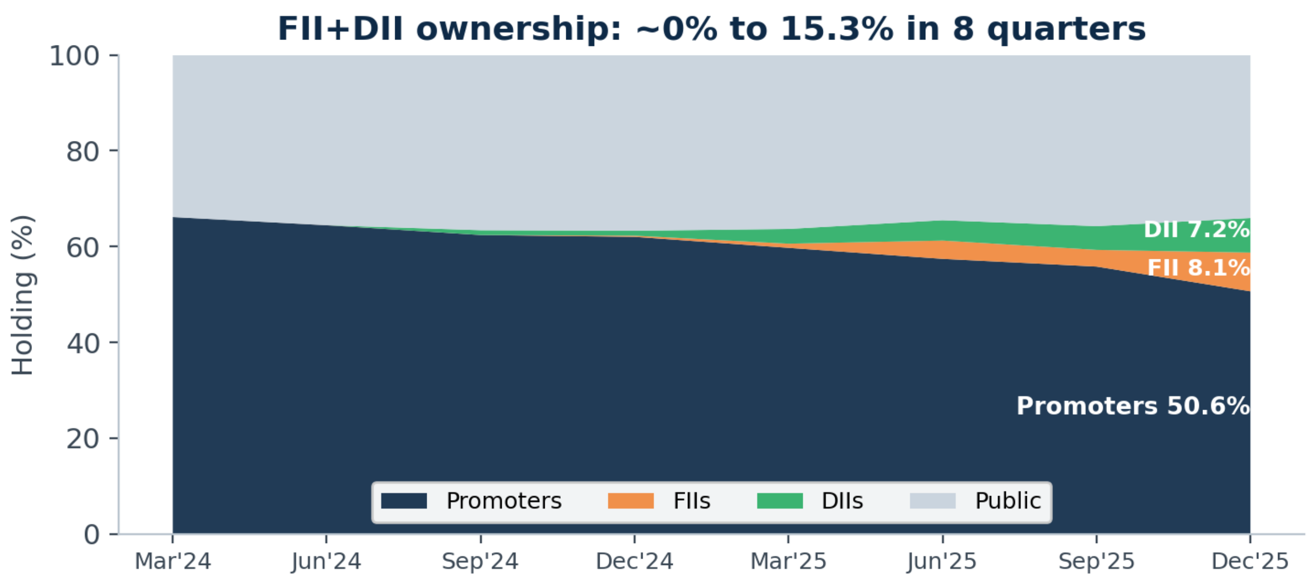
ILLUSTRATIVE — NOT COMPANY GUIDANCE

The bridge above is Stratinv's illustration of management's qualitative guidance (25–30% growth ex-new-stores; ~100% year-1-to-year-2 cohort ramp; 500–700 FY27 adds). It implies an FY27 revenue zone of roughly Rs 800–900 cr. Management refused to endorse explicit targets (including the Rs 900+ cr figure floated by analysts) — treat the zone as scenario math, not guidance.



Capital allocation in FY26

- **Rs 350 cr QIP completed** — framed as balance-sheet strengthening to fund the store pipeline; removes near-term financing risk for the FY27–FY28 build.
- **Capex ~Rs 114 cr** in FY26 plus an inventory build, both explicitly front-loaded ahead of planned expansion.
- **Intangibles under development ~Rs 14 cr:** pre-operative store costs (drug licenses, regulatory approvals) — a normal artefact of pharmacy-retail scaling.
- **Working capital:** payables days fell due to mandatory 45-day MSME payment rules (~70% of procurement); inventory days remain elevated (~277 in FY25) — the model carries real working-capital weight.



REGISTER WATCH — DILUTION CUTS BOTH WAYS

Promoter holding fell from 66.2% (Mar'24) to 50.6% (Dec'25) — driven substantially by QIP dilution and stake sales, while FII+DII ownership rose from ~0% to 15.3%. Institutionalisation validates the story but the promoter-sell-down optic deserves monitoring; a slide below 50% would change the governance texture of this name.

Celebrity-led legitimacy, deliberately rationed

Davaindia signed **MS Dhoni and Suniel Shetty** for two years, and **Akshay Kumar** fronts the new UGO Generic banner — an unusually heavyweight ambassador roster for a small-cap. Yet Dr. Paul explicitly rejected TV-blitz economics: the stated philosophy is to optimally use and not over-use celebrity equity, amplified through bus panels, cinema screens and controlled-frequency TV rather than saturation TVCs. Ad spend of Rs 18 cr (3.3% of sales) is guided to scale with revenue, not ahead of it — discipline that protects the EBITDA inflection.

DAVAINDIA

Core generic pharmacy chain. 2,579 stores; 100% private label; COCO-led; Dhoni + Suniel Shetty ambassadors. The proven engine — FY29 target 5,000+ stores.

UGO GENERIC

New banner with a B2B thrust — supplying existing retail pharmacies with generics — fronted by Akshay Kumar. Extends reach into the fragmented chemist channel without store capex.

ALL DAY STORES

A health-and-wellness format that also delivers affordable medicines — broadening the brand beyond pharmacy into adjacent consumer-health spend.

The 1,000-day multi-model thesis

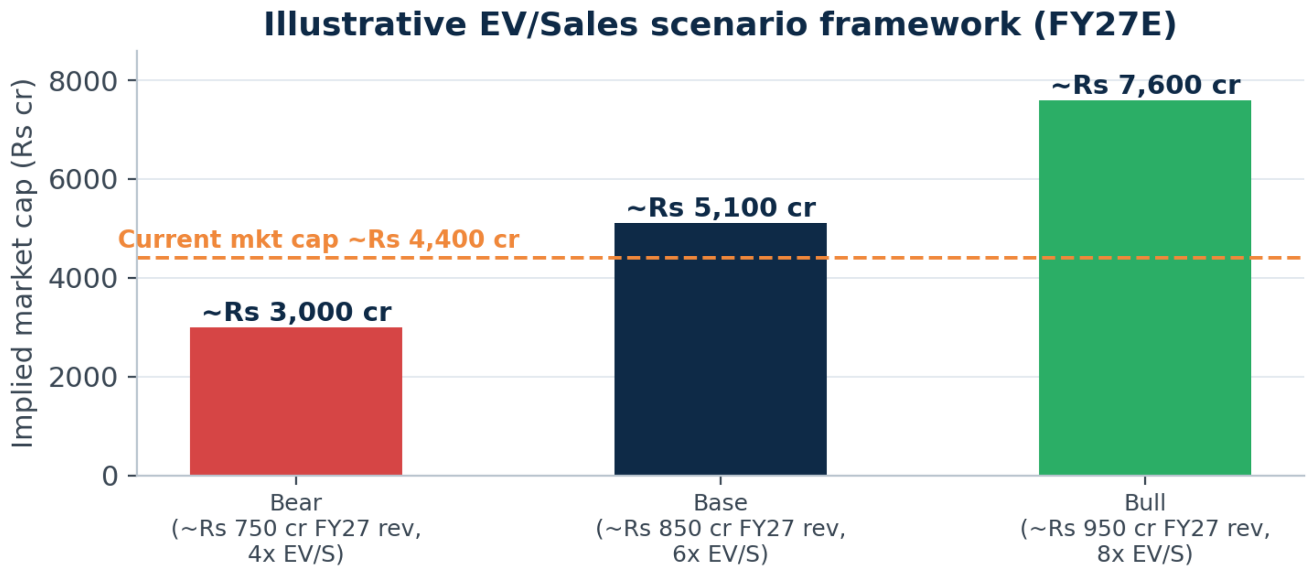
Management frames UGO Generic and All Day Stores as additional vehicles to expand affordable-healthcare access over the coming 1,000 days, explicitly emulating the multi-format playbooks of large retail and tech platforms to capture a larger pie at a faster pace and disrupt supply-chain management through parallel rollout models. The strategic logic: Davaindia's manufacturing backbone is a fixed asset whose utilisation rises with every additional demand channel layered on top — B2C stores, B2B supply, wellness retail.

STRATINV VIEW — OPTIONALITY OR DISTRACTION?

Multi-format expansion this early is double-edged. Bull read: channel diversification de-risks the COCO capex bet and sweats the manufacturing asset. Bear read: management attention and a still-loss-making P&L; get spread across three unproven formats just as the core chain enters its profitability test. We would weight execution evidence on Davaindia store economics far above any UGO/All Day optionality for at least the next four quarters.

Where the stock stands

At ~Rs 1,290 (early June 2026 quotes ranged Rs 1,246–1,330; verify live), market capitalisation is roughly Rs 4,400 cr against FY26 revenue of Rs 538.7 cr — about **8x trailing sales** — with negative earnings (TTM EPS ~Rs –24) making P/E meaningless and P/B elevated at ~6x (Screener data shows ~12x on older book; post-QIP book value lifts this). The stock has been volatile: a 52-week range of roughly Rs 760–1,740 implies the market is actively repricing the maturation thesis quarter by quarter.



How to think about the multiple

- **Sales-multiple logic:** with gross margins above 60% and a credible path to 10%+ EBITDA margins, each rupee of Davaindia revenue is worth more than a distribution rupee — but 8x trailing sales already capitalises several years of flawless execution.
- **Cohort-NPV logic (the better frame):** value = mature-store economics x store count x probability of hitting the curve, minus the cash burn to get there. The Rs 350 cr QIP largely removes financing risk from this equation; execution risk remains fully priced-in by the holder.
- **Peer context:** profitable pharmacy retail (MedPlus, Apollo's pharmacy embedded in Apollo Hospitals) trades at far lower sales multiples but with single-digit growth; Zota's premium is a pure growth-durability bet. Quick-commerce pharmacy entry is the unpriced threat to everyone's multiple.

STRATINV SCENARIO SUMMARY

Scenario math (illustrative, not advice): Base case Rs 850 cr FY27 revenue at 6x EV/Sales supports ~Rs 5,100 cr — modest upside from current levels, i.e., the market has already paid for FY27. The bull case requires both the revenue beat AND multiple retention; the bear case (growth disappointment to ~Rs 750 cr and de-rating to 4x) implies ~30% downside. Asymmetry improves materially on drawdowns toward the Rs 900–1,000 zone or on hard evidence of old-cohort SSG durability. All figures depend on the live price — re-verify before acting.

Key risks, ranked by potential thesis damage

1. Maturation-curve failure

If stores plateau below Rs 6–7 lakh/month or the window stretches past 5 years, the embedded-growth math collapses and booked D&A; becomes a structural loss. Highest-impact risk; monitor old-cohort SSG every quarter.

2. Sustained net losses / cash burn

FY26 loss of Rs 73.9 cr; if EBITDA leverage stalls, the QIP cushion erodes and another dilutive raise becomes likely. Watch FCF (FY25: ~Rs –96 cr) and inventory days (~277).

3. Competitive compression

Jan Aushadhi expansion, Apollo/MedPlus private-label pushes, online and quick-commerce pharmacy can compress generic pricing umbrellas and steal footfall in metros.

4. Promoter sell-down & governance

Promoter holding down ~15.5 ppt in two years to 50.6%. Further sales below 50% would alter the control narrative; pledging is minimal (~0.26%) but track it.

5. Regulatory & GST/MRP resets

FY26 SSG optics were already distorted by GST/MRP changes. Drug pricing (NLEM/DPCO), generic-substitution rules and state drug-license regimes can shift unit economics with little warning.

6. Multi-format execution dilution

UGO Generic and All Day Stores launch before the core chain is profitable — management bandwidth and capital could be spread thin.

7. Working-capital intensity

MSME 45-day payment rules plus deep private-label inventory mean growth consumes cash even when the P&L; improves.

The quarterly watch-list (in order of importance)

1) Normalised SSG of the >54-month and >24-month cohorts; 2) Q-on-Q EBITDA margin through the slow-opening Q2–Q3 FY27; 3) cohort-wise GMV table vs the maturation curve; 4) COCO closure/relocation count (currently zero); 5) inventory days and FCF; 6) promoter holding and pledge levels; 7) early UGO Generic B2B traction metrics, if disclosed.

The Stratinv scorecard

Growth engine (SSG + cohort ramp)	STRONG
Gross-margin structure (70%+ COCO)	STRONG
EBITDA trajectory (Q4 exit 7.3%)	IMPROVING
Reported profitability (PAT)	WEAK — FY28+ event
Balance sheet (post Rs 350 cr QIP)	ADEQUATE
Working capital intensity	HEAVY
Valuation comfort (~8x trailing sales)	DEMANDING
Disclosure quality (cohort data)	ABOVE AVERAGE

Bottom line

Zota/Davaindia is one of the cleanest pure plays on generic substitution in Indian pharmacy retail, and FY26 supplied the first hard evidence that the model scales: 84% revenue growth, a 714 bps gross-margin jump, positive EBITDA, zero COCO closures and 40%+ SSG across the legacy base. The FY27 throttle is the right move — it converts a land-grab story into a unit-economics story precisely when the market will start demanding proof. But the stock already pays forward for much of this: at ~8x trailing sales with widening reported losses, the margin of safety lives entirely in the cohort data. Own it, if at all, as a high-volatility growth position sized for the possibility that maturation disappoints — and let the >54-month SSG print, not the headline revenue, drive every add/trim decision.